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09/838,133	04/20/2001	David Verchere	56490.000004	9529
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5 UNITED STATES PATENT AND TRADEMARK OFFICE
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8 BEFORE THE BOARD OF PATENT APPEALS
9 AND INTERFERENCES
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12 *Ex parte* DAVID VERCHERE
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15 Appeal 2008-0344
16 Application 09/838,133
17 Technology Center 3600
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20 Decided: September 9, 2008
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23 Before LINDA E. HORNER, ANTON W. FETTING, and
24 STEVEN D.A. MCCARTHY, *Administrative Patent Judges*.
25 FETTING, *Administrative Patent Judge*.

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27 DECISION ON APPEAL

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29 STATEMENT OF CASE

30 David Verchere (Appellant) seeks review under 35 U.S.C. § 134 of a final
31 rejection of claims 1-5, 7-15, and 17-20, the only claims pending in the application
32 on appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

We REVERSE and ENTER A NEW GROUND UNDER 37 C.F.R. § 41.50(b) (2007).

The Appellant invented a way for configuring branded promotional products. The product information is divided into items and processes, and item and process parameters may be separately specified and linked together to create a unique product. A product identifier may be dynamically created when the product is sourced, quoted, ordered or otherwise accessed (Specification 1:9-13).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below [bracketed matter and some paragraphing added].

1. A computer implemented method for configuring [sic] one or more products, the computer implemented method comprising the steps of:

[1] receiving a request for a branded product from a user through an online interface;

[2] separating the product into at least

an item,

a process and

an artwork

wherein

one or more item parameters,

one or more process parameters and

one or more artwork parameters

are identified;

[3] applying a pricing algorithm

for assigning a price to the product

1 wherein the price is based on

2 the item,

3 the process and

4 the artwork

5 where a combination of

6 the item parameters,

7 process parameters and

8 artwork parameters

9 generates the price;

10 [4] linking

11 the item parameters,

12 the process parameters and

13 the artwork parameters;

14 [5] creating a product identifier for the product; and

15 [6] branding the product as requested,

16 wherein the product is identified by the product identifier.

17 This appeal arises from the Examiner's Final Rejection, mailed October 13,
18 2004. The Appellant filed an Appeal Brief in support of the appeal on September
19 7, 2005. An Examiner's Answer to the Appeal Brief was mailed on May 4, 2006.
20 A Reply Brief was filed on June 30, 2006. Arguments were presented at an oral
21 hearing on August 14, 2008.

PRIOR ART

The Examiner relies upon the following prior art:

von Rosen US 6,493,677 B1 Dec. 10, 2002

We also discuss the following prior art:

Bittel, Lester Robert (Ed.), Encyclopedia of Professional Management, ISBN
0-07-005478-9, pp.739 and 958 (1978)

REJECTIONS¹

Claims 1-5, 7, 9-15, 17, 19, and 20 stand rejected under 35 U.S.C. § 102(e) as
anticipated by von Rosen.

Claims 8 and 18 stand rejected under 35 U.S.C. § 103(a) as unpatentable over
von Rosen and Official Notice.

ISSUES

The issues pertinent to this appeal are

- Whether the Appellant has sustained his burden of showing that the
Examiner erred in rejecting claims 1-5, 7, 9-15, 17, 19, and 20 under 35
U.S.C. § 102(e) as anticipated by von Rosen.
- Whether the Appellant has sustained his burden of showing that the
Examiner erred in rejecting claims 8 and 18 under 35 U.S.C. § 103(a) as
unpatentable over von Rosen and Official Notice.

¹ Rejections under 35 U.S.C. §§ 101 and 112 (Final Rejection 5-10) were
withdrawn by the Examiner (Answer 4).

1 The pertinent issue turns on whether von Rosen describes the pricing algorithm
2 in claim 1.

3 FACTS PERTINENT TO THE ISSUES

4 The following enumerated Findings of Fact (FF) are believed to be supported
5 by a preponderance of the evidence.

6 *von Rosen*

7 01. Von Rosen is directed to creating and ordering customized branded
8 merchandise over a computer network. A World Wide Web ("WWW")
9 site is provided that allows a consumer to create and order customized
10 branded merchandise, such as bottles of soda. The consumer can upload
11 pictures, text, or other information for inclusion on the requested
12 merchandise. Once the consumer has specified how the customized
13 merchandise should appear, the WWW site automates the production of
14 the merchandise and the shipping of the merchandise to the customer
15 (von Rosen 2:2-12).

16 02. Von Rosen's Figs. 8-10 portray order entry web screens. Figs. 8A&B
17 show the screens for identifying an order, a photo and personalized text.
18 Figs. 9A-C show what the product label will look like with artwork,
19 provide for product selection, and provide for artwork cropping. Figs.
20 10A&B provide for entry of the customer address and show the order
21 including quantity, prices, and extensions plus shipping and handling
22 charges.

*Facts Related To Differences Between The Claimed Subject Matter And The
Prior Art*

03. Von Rosen contains no discussion of price derivation in its
specification.

Facts Related To The Level Of Skill In The Art

04. Neither the Examiner nor the Appellant has addressed the level of
ordinary skill in the pertinent arts of programming and systems design,
product pricing strategy and methodology, manufacturing systems
design, graphic artwork pricing, specialty item pricing, and financial
systems design. We will therefore consider the cited prior art as
representative of the level of ordinary skill in the art. *See Okajima v.*
Bourdeau, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of
specific findings on the level of skill in the art does not give rise to
reversible error ‘where the prior art itself reflects an appropriate level
and a need for testimony is not shown’”) (quoting *Litton Indus. Prods.,*
Inc. v. Solid State Sys. Corp., 755 F.2d 158, 163 (Fed. Cir. 1985).

05. An automated manufacturing process such as von Rosen’s required
the variables that affected the automated process to be provided as
parameters.

Facts Related To Secondary Considerations

06. There is no evidence on record of secondary considerations of non-
obviousness for our consideration.

PRINCIPLES OF LAW

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004).

Limitations appearing in the specification but not recited in the claim are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted “in view of the specification” without importing limitations from the specification into the claims unnecessarily)

Although a patent applicant is entitled to be his or her own lexicographer of patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such definitions in the Specification with sufficient clarity to provide a person of ordinary skill in the art with clear and precise notice of the meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the specific terms used to describe the invention, this must be done with reasonable clarity, deliberateness, and precision; where an inventor chooses to give terms uncommon meanings, the inventor must set out any uncommon definition in some manner within the patent disclosure so as to give one of ordinary skill in the art notice of the change).

Anticipation

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir.

1 1987). "When a claim covers several structures or compositions, either generically
2 or as alternatives, the claim is deemed anticipated if any of the structures or
3 compositions within the scope of the claim is known in the prior art." *Brown v.*
4 *3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001). "The identical invention must be
5 shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki*
6 *Motor Co.*, 868 F.2d 1226, 1236 (Fed. Cir. 1989). The elements must be arranged
7 as required by the claim, but this is not an *ipsissimis verbis* test, i.e., identity of
8 terminology is not required. *In re Bond*, 910 F.2d 831, 832 (Fed. Cir. 1990).

9 *Obviousness*

10 A claimed invention is unpatentable if the differences between it and the
11 prior art are "such that the subject matter as a whole would have been obvious at
12 the time the invention was made to a person having ordinary skill in the art." 35
13 U.S.C. § 103(a) (2000); *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1729-30
14 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

15 In *Graham*, the Court held that that the obviousness analysis is bottomed on
16 several basic factual inquiries: "[(1)] the scope and content of the prior art are to be
17 determined; [(2)] differences between the prior art and the claims at issue are to be
18 ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved." 383
19 U.S. at 17. See also *KSR Int'l v. Teleflex Inc.*, 127 S.Ct. at 1734. "The
20 combination of familiar elements according to known methods is likely to be
21 obvious when it does no more than yield predictable results." *KSR*, at 1739.

22 "When a work is available in one field of endeavor, design incentives and
23 other market forces can prompt variations of it, either in the same field or a
24 different one. If a person of ordinary skill can implement a predictable variation,
25 § 103 likely bars its patentability." *Id.* at 1740.

1 “For the same reason, if a technique has been used to improve one device,
2 and a person of ordinary skill in the art would recognize that it would improve
3 similar devices in the same way, using the technique is obvious unless its actual
4 application is beyond his or her skill.” *Id.*

5 “Under the correct analysis, any need or problem known in the field of
6 endeavor at the time of invention and addressed by the patent can provide a reason
7 for combining the elements in the manner claimed.” *Id.* at 1742.

8 *Automation of a Known Process*

9 It is generally obvious to automate a known manual procedure or mechanical
10 device. Our reviewing court stated in *Leapfrog Enterprises Inc. v. Fisher-Price*
11 *Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) that one of ordinary skill in the art would have
12 found it obvious to combine an old electromechanical device with electronic
13 circuitry “to update it using modern electronic components in order to gain the
14 commonly understood benefits of such adaptation, such as decreased size,
15 increased reliability, simplified operation, and reduced cost. . . . The combination
16 is thus the adaptation of an old idea or invention . . . using newer technology that is
17 commonly available and understood in the art.” *Id.* at 1162.

18 *Obviousness and Nonfunctional Descriptive Material*

19 Nonfunctional descriptive material cannot render nonobvious an invention that
20 would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir.
21 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive
22 material is not functionally related to the substrate, the descriptive material will not
23 distinguish the invention from the prior art in terms of patentability).

ANALYSIS

Claims 1-5, 7, 9-15, 17, 19, and 20 rejected under 35 U.S.C. § 102(e) as anticipated by von Rosen.

The Examiner found that von Rosen anticipated claim 1 (Answer 5-6). The Appellant contends that von Rosen does not describe a pricing algorithm that generates a price based on parameters relating to an item, a process and an artwork. The Appellant argues that von Rosen has no discussion of pricing and the only portrayal of pricing in von Rosen's drawings shows no more than conventional pricing (Br. 14:Top ¶). The Appellant further argues that von Rosen does not contemplate the changing of pricing with changes in process and artwork in the claimed invention (Br. 14:Bottom ¶ - 15:Top ¶).

The Examiner responded that von Rosen's Figs. 8A-B, 9A-C, and 10A-B teach a pricing algorithm that generates a price of an item and associated processes and that Figs. 9B and 10B in particular show steps in pricing the ordered items inclusive of the associated process of designing the artwork and labeling process. The Examiner found that Fig. 9B indicates the cost, such as \$29.95 per a case of 12 ready bottles with the soda, artwork on the label and the labeling of the bottles. This price is used to finally calculate the subtotal of the ordered item plus shipping and handling to assign the final price to the order inclusive of items, associated processes and artwork used on the label (Answer 7-8).

We agree with the Appellant. Although von Rosen clearly shows ordering products that require product and artwork selection (FF 01&02), there is no discussion of price or of how a price is derived in von Rosen's specification (FF 03). Figs. 8A-B, 9A-C, and 10A-B, relied on by the Examiner, show various order product selections and artwork web screens, but do not show any pricing

algorithm. The only screen with actual pricing, Fig. 10B, shows a price per unit, but provides no indication as to how that price was derived (FF 02). Claim 1 limitation [3] requires applying a pricing algorithm based on the item, the process and the artwork. The Examiner has not shown that von Rosen describes this limitation, and we are unable to find such a description in von Rosen. Thus the Examiner has failed to make a prima facie case for anticipation.

Independent claim 11 incorporates a similar limitation as do all of the claims that depend from claims 1 and 11 and accordingly the Examiner has failed to make a prima facie case for anticipation as to those claims.

The Appellant has sustained the burden of showing that the Examiner erred in rejecting claims 1-5, 7, 9-15, 17, 19, and 20 under 35 U.S.C. § 102(e) as anticipated by von Rosen.

Claims 8 and 18 rejected under 35 U.S.C. § 103(a) as unpatentable over von Rosen and Official Notice.

Claims 8 and 18 require one or more quantity break pricing process parameters. The Examiner has not provided any further evidence that it would have been obvious to use a pricing algorithm based on item, process and artwork in the official notice taken. Thus, the Examiner has failed to make a prima facie case for obviousness.

The Appellant has sustained the burden of showing that the Examiner erred in rejecting claims 8 and 18 under 35 U.S.C. § 103(a) as unpatentable over von Rosen and Official Notice.

CONCLUSIONS OF LAW

The Appellant has sustained the burden of showing that the Examiner erred in rejecting claims 1-5, 7, 9-15, 17, 19, and 20 under 35 U.S.C. § 102(e) as anticipated by von Rosen and claims 8 and 18 under 35 U.S.C. § 103(a) as unpatentable over von Rosen and Official Notice.

NEW GROUND OF REJECTION

The following new ground of rejection is entered pursuant to 37 C.F.R. § 41.50(b) (2007). Claims 1 and 11 are rejected under 35 U.S.C. § 103(a) as unpatentable over von Rosen in view of pricing and inventory control practices described in the Encyclopedia of Professional Management.

ADDITIONAL FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Bittel

07. Bittel is an encyclopedia of management practices as practiced as early as 1978, i.e. for the past thirty years (Bittel:Title & Copyright Date).

08. Bittel shows that it was known that precise parts identification was essential for design retrieval, inventory control, scheduling and procurement. A good parts numbering system was an element in modern materials management systems (Bittel 739:Right col., Last full ¶).

09. Bittel shows that it was known that over the long run, prices had to exceed the full cost of what was sold (Bittel 958:Right col., Full-Cost Pricing).

10. Bittel shows that it was known that pricing algorithms could be applied as markups over cost (Bittel 958:Right col., Markup Pricing).

Von Rosen describes limitation [1] of receiving a request for a branded product through an online interface (FF 01). Von Rosen shows that its sales system was for items including artwork. Von Rosen made the products to order which required an automated manufacturing process (FF 01 & 02).

Bittel shows that it was known that pricing algorithms had to produce prices that exceeded the full cost of what was sold (FF 09). Thus, it was known that each cost component of production had to be measured and their sum had to be less than the price, and that one practice for deriving prices was for price to have been computed as a markup over cost (FF 10). Since von Rosen's manufacture relied on a process, which used both product and artwork, the costs for von Rosen's sales included costs for the item, the manufacturing process, and the artwork. Each would have to be measured to satisfy the pricing requirement of covering cost. Thus the cost data would have been separated into that of the item, manufacturing process, and artwork (limitation [2]).

To satisfy known pricing practices over the last thirty years, one of ordinary skill would have applied a pricing algorithm based on the costs for the item, process and artwork. To so generate a price within an automated system such as von Rosen's, one of ordinary skill would have known the values for costs would have been provided via parameters (FF 05) (limitation [3]). These parameters

would have had to be connected, i.e. linked, to support the pricing analysis subsequent to the calculation (limitation [4]).

Bittel shows that one of ordinary skill knew the importance of creating an item identifier to control the final product in a materials management system (FF 08) (limitation [5]). Von Rosen describes branding the product (FF 01) (limitation [6]).

Thus, it would have been obvious to a person of ordinary skill in the art to have applied known pricing and inventory management practices to von Rosen to practice the invention as in claim 1 for the reasons provided by Bittel of good pricing and materials management practices.

We leave the patentability of the dependent claims under this combination of art to the Examiner's consideration.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 1-5, 7, 9-15, 17, 19, and 20 under 35 U.S.C. § 102(e) as anticipated by von Rosen is not sustained.
- The rejection of claims 8 and 18 under 35 U.S.C. § 103(a) as unpatentable over von Rosen and Official Notice is not sustained.

This decision contains a new ground of rejection pursuant to 37 CFR § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner. . . .

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

REVERSED; 37 C.F.R. § 41.50(b)

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